GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1463
ANSWERED ON:04.08.2006
RURAL CREDIT
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Will the Minister of FINANCE be pleased to state:

(a) whether there has been a steady decline of rural credit to small and medium peasants from Public Sector banks and cooperative societies since the beginning of the economic reforms in early 1990s ;

(b) if so, the percentage of rural credit provided to small and medium peasants in the year 1990 and 2003 to 2006, year-wise; and

(c) the reasons for decline in rural credit and the reaction of the Government thereto ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) The share of Small Farmers/Marginal Farmers (SF/MF) to total agricultural loans outstanding in respect of Scheduled Commercial Banks has improved from 47% at the beginning of the nineties to around 49% during 2001-02. The details are atTable-I given in the enclosed statement.

Loans issued to SF/MF for short Term (Seasonal Agricultural Operation) ST(SAO) by District Central Cooperative Banks (DCCBs) increased from 52% to 61% during the period from 1996-97 to 2004-05 as could be seen from the Table-II of Annexure-I.

Around 50 per cent of the total loans disbursed by Regional Rural Banks (RRBs) are for agriculture and allied activities. Most of the financing done by RRBs is directed towards the SF and MF category of farmers. As per provisional data available for 2005-06, out of Rs. 14076.16 crore of agricultural loans issued by RRBs, Rs. 8972.69 crore (59.70%) were in favour of SF/MF.